

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 3, 2012

Casella Waste Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-23211

(Commission File Number)

03-0338873

(IRS Employer Identification No.)

25 Greens Hill Lane Rutland, Vermont

(Address of Principal Executive Offices)

05701

(Zip Code)

Registrant's telephone number, including area code: **(802) 775-0325**

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On December 3, 2012, Casella Waste Systems, Inc. (the “Company”) announced its financial results for the quarter ended October 31, 2012. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Officers; Compensatory Arrangements of Certain Officers.

On November 29, 2012, the Company and Paul A. Larkin, President and Chief Operating Officer of the Company, mutually agreed to end Mr. Larkin’s service with the Company, effective November 30, 2012.

On December 3, 2012, the Company announced that Edwin D. Johnson, age 56, has been appointed President and Chief Operating Officer of the Company, effective December 6, 2012. Mr. Johnson has served as the Company’s Senior Vice President and Chief Financial Officer since July 2010. From March 2007 to July 2010, Mr. Johnson served as Executive Vice President, Chief Financial Officer and Chief Accounting Officer of Waste Services, Inc., an integrated solid waste services company.

Also on December 3, 2012, the Company announced that Ned Coletta, age 37, has been appointed Senior Vice President, Chief Financial Officer and Treasurer of the Company, effective December 6, 2012. Mr. Coletta has served as the Company’s Vice President of Finance and Investor Relations since January 2011 and Director of Finance and Investor Relations from December 2004 to December 2010.

Item 8.01. Other Events.

On December 3, 2012, the Company issued a press release announcing the closing of the sale of the Maine Energy facility. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release dated December 3, 2012 (which relates to Item 2.02 and shall be deemed to be furnished and not filed).

99.2 Press Release dated December 3, 2012.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Casella Waste Systems, Inc.

Date: December 3, 2012

By: /s/ Edwin D. Johnson

Edwin D. Johnson

Senior Vice President and Chief Financial Officer

Exhibit Index

99.1 – Press Release of Casella Waste Systems, Inc. dated December 3, 2012

99.2 – Press Release of Casella Waste Systems, Inc. dated December 3, 2012

FOR IMMEDIATE RELEASE

CASELLA WASTE SYSTEMS, INC. ANNOUNCES SECOND QUARTER FISCAL YEAR 2013 RESULTS; UPDATES GUIDANCE FOR ITS FISCAL YEAR

RUTLAND, VERMONT (December 3, 2012) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional solid waste, recycling and resource management services company, today reported financial results for its second quarter fiscal year 2013, and provided updated guidance for its 2013 fiscal year.

For the quarter ended October 31, 2012, revenues were \$120.3 million, down \$9.6 million or 7.3 percent from the same quarter last year, with revenue declines mainly driven by lower recycling commodity prices, lower landfill disposal volumes, and lower roll-off price and volumes.

The company's net loss attributable to common shareholders was (\$21.0) million, or (\$0.68) per common share for the quarter, compared to net loss of (\$0.8) million, or (\$0.03) per share for the same quarter last year. The current quarter includes a \$1.8 million severance and reorganization charge related to the August realignment, a \$0.1 million expense related to the sale of the Maine Energy Recovery Company facility ("Maine Energy"), a \$3.9 million loss on derivative instruments, and a \$9.7 million loss on debt extinguishment related to the repurchase of the company's second lien notes in October. The quarter ended October 31, 2011 included a \$0.4 million legal settlement charge, a \$0.1 million development project charge, and a \$0.1 million gain on disposal of discontinued operations net of taxes.

Excluding the unusual and one-time charges from each period and assuming no tax impact, the company's net loss attributable to common shareholders was (\$5.7) million, or (\$0.18) per common share for the quarter, compared to net loss of (\$0.2) million, or (\$0.01) per share for the same quarter last year.

Operating income was \$4.4 million for the quarter, down \$7.2 million from the same quarter last year. Excluding the unusual and one-time charges from each period, Adjusted Operating Income* in the current quarter was \$6.2 million, down \$5.9 million from the same quarter last year. Adjusted EBITDA* was \$24.4 million for the quarter, down \$6.1 million from same quarter last year.

"The northeastern U.S. economy remained a difficult environment through our second quarter," said John W. Casella, chairman and CEO of Casella Waste Systems. "Recycling commodity prices, landfill volumes at our Western New York landfills, and our roll-off collection line-of-business all underperformed our expectations in the quarter and, as such, we have lowered our guidance for the current fiscal year."

"We believe that broad uncertainty in the national and global economy has translated to declining economic activity across our region over the last 6 months," Casella said. "This trend was especially pronounced in the construction and demolition (C&D) market, where we experienced an unexpected 12.9 percent decline in roll-off revenues year-over-year on lower volumes, weak pricing, and a tough comparison to the second quarter last year when we saw increased demand from Hurricane Irene and Tropical Storm Lee clean-up activity. Despite this weakness, our pricing programs in the commercial and residential lines-of-business remained on track with positive 1.9 percent pricing in the quarter."

"Recycling commodity prices hit bottom in September and began to rebound modestly in October and November as Chinese and domestic demand reemerged," Casella said. "We have taken what we believe is a conservative view on recycling commodity prices for the remainder of our fiscal year with pricing expected to remain consistent with current levels. Maximizing our landfill capacity utilization in Western New York remains a challenge given the depressed volumes of C&D, special waste and residual streams from Marcellus Shale drilling activity."

“We accomplished two important strategic goals in the quarter which we believe position the company well for the future, specifically:

- “As separately announced this afternoon, we have completed the sale of the property containing our Maine Energy facility to the City of Biddeford, Maine. We expect to permanently close Maine Energy during our third quarter fiscal 2013 at which time we will dismantle the facility and begin transferring the municipal solid waste that was routed to Maine Energy to other disposal facilities that we own or operate. We expect the sale of Maine Energy to improve our financial results on a full year basis from fiscal year 2012, with consolidated Adjusted EBITDA margins expected to improve by roughly 70 basis points, operating income expected to improve by \$7.9 million and cash flows expected to increase by roughly \$5.6 million per year.”
- “During the second quarter we redeemed our 11.0 percent \$180.0 million second lien notes due July 2014 with the proceeds from a \$46.0 million common stock offering, a \$125.0 million add-on to our existing 7.75 percent senior subordinated notes due February 2019, and borrowings from our senior secured revolving credit facility. This set of transactions improved our credit metrics by lowering leverage, reduced our cash interest expense by roughly \$9.0 million per year, and gives us over 3 years before our next major debt maturity.”

Fiscal 2013 Outlook

Due primarily to the negative impact of lower than expected recycling commodity prices and landfill volumes, softness in the roll-off line-of-business, and project and contract delays discussed below, the company adjusted its fiscal year guidance in the following categories:

- Revenues between \$468.0 million and \$478.0 million.
- Adjusted EBITDA* between \$96.0 million and \$100.0 million.

The negative variances from our fiscal year forecast as presented in August to this current forecast include the following impacts from the second quarter and our expectations about the remainder of the fiscal year:

- While we expected average recycling commodity price per ton to decline through our second quarter, actual commodity prices declined below the levels we had forecasted in August. Given the actual lower results from our second quarter and our current revised commodity price forecast for the remainder of our fiscal year, we expect recycling Adjusted EBITDA to be approximately \$1.3 million lower than that reflected in our August fiscal year forecast.
- While we expected disposal volumes to decline through our second quarter, actual volumes and pricing declined below the levels we had forecasted in August, mainly due to lower C&D volumes, lower special waste volumes, and contract delays for drilling solidification work at our Western New York landfills. Given the actual lower results from our second quarter and our current revised forecast for the remainder of our fiscal year, we expect disposal Adjusted EBITDA to be approximately \$2.8 million lower than that reflected in our August fiscal year forecast.
- The roll-off collection line-of-business underperformed our August forecast projections with weaker than expected net revenue due to lower pricing and volumes. Given the actual lower results from our second quarter and our current revised forecast for the remainder of our fiscal year, we expect roll-off Adjusted EBITDA to be approximately \$1.1 million lower than that reflected in our August fiscal year forecast.
- The delayed start-up of the company’s joint venture water treatment facility at its McKean landfill is expected reduce the facility’s forecasted Adjusted EBITDA for the fiscal year by \$0.7 million from the August fiscal year forecast.

***Non-GAAP Financial Measures**

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles in the United States (GAAP), the company also discloses earnings before interest, taxes, depreciation and amortization, adjusted for accretion, depletion of landfill operating lease obligations, gain on sale of assets, development project charge write-offs, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, severance and reorganization charges, as well as expenses from divestiture and financing costs (Adjusted EBITDA) which is a non-GAAP measure. The company also discloses earnings before interest, taxes, adjusted for gain on sale of assets, development project charge write-off, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, as well as severance and reorganization charges (Adjusted Operating Income) which is a non-GAAP measure. The company also discloses Free Cash Flow, which is defined as net cash provided by operating activities, less capital expenditures attributable to growth and maintenance (excluding acquisition related capital), less payments on landfill operating leases, less assets acquired through financing leases, plus proceeds from the sale of property and equipment, plus contributions from non-controlling interest holder, which is a non-GAAP measure. Adjusted EBITDA and Adjusted Operating Income are reconciled to net income (loss), while Free Cash Flow is reconciled to net cash provided by operating activities.

The company presents Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow because it considers them important supplemental measures of its performance and believes they are frequently used by securities analysts, investors and other interested parties in the evaluation of the company's results. Management uses these non-GAAP measures to further understand the company's "core operating performance." The company believes its "core operating performance" represents its on-going performance in the ordinary course of operations. The company believes that providing Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow to investors, in addition to corresponding income statement and cash flow statement measures, affords investors the benefit of viewing its performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and its results of operations may look in the future. The company further believes that providing this information allows its investors greater transparency and a better understanding of its core financial performance. In addition, the instruments governing the company's indebtedness use EBITDA (with additional adjustments) to measure its compliance with covenants such as interest coverage, leverage and debt incurrence.

Non-GAAP financial measures are not in accordance with or an alternative for GAAP. Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow should not be considered in isolation from or as a substitute for financial information presented in accordance with GAAP, and may be different from Adjusted EBITDA, Adjusted Operating Income, or Free Cash Flow presented by other companies.

About Casella Waste Systems, Inc.

Casella Waste Systems, Inc., headquartered in Rutland, Vermont, provides solid waste management services consisting of collection, transfer, disposal, and recycling services in the northeastern United States. For further information, investors contact Ned Coletta, vice president of finance and investor relations at (802) 772-2239, media contact Joseph Fusco, vice president at (802) 772-2247, or visit the company's website at <http://www.casella.com>.

Conference call to discuss quarter

The company will host a conference call to discuss these results on Tuesday, December 4, 2012 at 10:00 a.m. ET. Individuals interested in participating in the call should dial (877) 548-9590 or for international participants (720) 545-0037 at least 10 minutes before start time. The call will also be webcast; to listen, participants should visit Casella Waste Systems' website at <http://ir.casella.com> and follow the appropriate link to the webcast. A replay of the call will be available on the company's website, or by calling (855) 859-2056 or (404) 537-3406 (Conference ID 70181048) until 11:59 p.m. ET on Tuesday, December 11, 2012.

Safe Harbor Statement

Certain matters discussed in this press release are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as “believe,” “expect,” “anticipate,” “plan,” “may,” “will,” “would,” “intend,” “estimate,” “guidance” and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management’s beliefs and assumptions. We cannot guarantee that we actually will achieve the plans, intentions, expectations or guidance disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and uncertainties include or relate to, among other things: current economic conditions that have adversely affected and may continue to adversely affect our revenues and our operating margin; we may be unable to reduce costs or increase pricing or volumes sufficiently to achieve estimated Adjusted EBITDA and other targets; landfill operations and permit status may be affected by factors outside our control; we may be required to incur capital expenditures in excess of our estimates; fluctuations in energy pricing or the commodity pricing of our recyclables may make it more difficult for us to predict our results of operations or meet our estimates; we may incur environmental charges or asset impairments in the future; and we may be unable to decommission our waste-to-energy facility on a timely basis and shift waste volumes to other landfill sites. There are a number of other important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A, “Risk Factors” in our Form 10-K for the year ended April 30, 2012.

We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Investors:

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Vice President of Finance and Investor Relations
(802) 772-2239

Media:

Joseph Fusco
Vice President
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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except amounts per share)

	Three Months Ended		Six Months Ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
Revenues	\$120,335	\$129,866	\$241,529	\$257,059
Operating expenses:				
Cost of operations	85,474	86,627	170,251	171,851
General and administration	13,985	16,062	29,307	32,268
Depreciation and amortization	14,632	15,061	29,388	29,567
Severance and reorganization costs	1,793	—	1,827	—
Expense from divestiture and financing costs	77	—	631	—
Legal settlement	—	359	—	1,359
Development project charge	—	131	—	131
	<u>115,961</u>	<u>118,240</u>	<u>231,404</u>	<u>235,176</u>
Operating income	4,374	11,626	10,125	21,883
Other expense/(income), net:				
Interest expense, net	11,689	11,207	23,533	22,357
Loss from equity method investment	109	1,523	1,875	3,781
Loss on derivative instruments	3,896	—	3,896	—
Loss on debt extinguishment	9,670	—	9,670	—
Other income	(311)	(327)	(441)	(432)
	<u>25,053</u>	<u>12,403</u>	<u>38,533</u>	<u>25,706</u>
Loss from continuing operations before income taxes and discontinued operations	(20,679)	(777)	(28,408)	(3,823)
Provision for income taxes	413	67	1,063	728
Loss from continuing operations before discontinued operations	(21,092)	(844)	(29,471)	(4,551)
Discontinued operations:				
Gain on disposal of discontinued operations, net of income taxes (1)	—	79	—	725
Net loss	<u>(21,092)</u>	<u>(765)</u>	<u>(29,471)</u>	<u>(3,826)</u>
Less: Net loss attributable to noncontrolling interest	(125)	—	(133)	—
Net loss attributable to common stockholders	<u>\$ (20,967)</u>	<u>\$ (765)</u>	<u>\$ (29,338)</u>	<u>\$ (3,826)</u>
Weighted average common shares outstanding	<u>30,872</u>	<u>26,759</u>	<u>28,932</u>	<u>26,661</u>
Net loss per common share	<u>\$ (0.68)</u>	<u>\$ (0.03)</u>	<u>\$ (1.01)</u>	<u>\$ (0.14)</u>
Adjusted EBITDA (2)	<u>\$ 24,392</u>	<u>\$ 30,532</u>	<u>\$ 48,708</u>	<u>\$ 59,194</u>

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(In thousands)

	October 31, 2012	April 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,901	\$ 4,534
Restricted cash	23,655	76
Accounts receivable - trade, net of allowance for doubtful accounts	50,978	47,472
Other current assets	17,495	15,274
Total current assets	94,029	67,356
Property, plant and equipment, net of accumulated depreciation and amortization	424,839	416,717
Goodwill	102,722	101,706
Intangible assets, net	4,217	2,970
Restricted assets	521	424
Notes receivable - related party/employee	514	722
Investments in unconsolidated entities	20,729	22,781
Other non-current assets	21,904	21,067
Total assets	\$669,475	\$633,743
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital leases	\$ 73,795	\$ 1,228
Current maturities of financing lease obligations	349	338
Accounts payable	51,326	46,709
Other accrued liabilities	42,904	40,060
Total current liabilities	168,374	88,335
Long-term debt and capital leases, less current maturities	412,051	473,381
Financing lease obligations, less current maturities	1,640	1,818
Other long-term liabilities	52,345	51,978
Total stockholders' equity	35,065	18,231
Total liabilities and stockholders' equity	\$669,475	\$633,743

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended	
	October 31, 2012	October 31, 2011
Cash Flows from Operating Activities:		
Net loss	\$ (29,471)	\$ (3,826)
Gain on disposal of discontinued operations, net	—	(725)
Adjustments to reconcile net loss to net cash provided by operating activities -		
Gain on sale of property and equipment	(223)	(754)
Depreciation and amortization	29,388	29,567
Depletion of landfill operating lease obligations	4,878	4,514
Interest accretion on landfill and environmental remediation liabilities	1,858	1,740
Development project charge	—	131
Amortization of discount on second lien notes and senior subordinated notes	502	467
Loss from equity method investments	1,875	3,781
Loss on derivative instruments	3,896	—
Loss on debt extinguishment	9,670	—
Stock-based compensation	1,306	1,366
Excess tax benefit on the vesting of share based awards	(188)	(219)
Deferred income taxes	907	1,008
Changes in assets and liabilities, net of effects of acquisitions and divestitures	(2,023)	4,428
Net Cash Provided by Operating Activities	<u>22,375</u>	<u>41,478</u>
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(4,635)	(715)
Additions to property, plant and equipment - acquisitions	(417)	(133)
- growth	(8,257)	(6,410)
- maintenance	(25,368)	(29,427)
Payment for capital related to divestiture	(618)	—
Payments on landfill operating lease contracts	(3,298)	(3,314)
Proceeds from sale of property and equipment	557	1,170
Investments in unconsolidated entities	(1,000)	(935)
Net Cash Used In Investing Activities	<u>(43,036)</u>	<u>(39,764)</u>
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	236,177	82,100
Principal payments on long-term debt	(227,028)	(82,146)
Change in restricted cash	(23,579)	—
Payment of tender premium and costs on second lien notes	(6,745)	—
Payments of financing costs	(4,329)	(184)
Net proceeds from the sale of Class A common stock	42,149	—
Proceeds from the exercise of share based awards	—	176
Excess tax benefit on the vesting of share based awards	188	219
Contributions from noncontrolling interest holder	1,195	—
Net Cash Provided By Financing Activities	<u>18,028</u>	<u>165</u>
Net Cash Provided By Discontinued Operations	<u>—</u>	<u>725</u>
Net (decrease) increase in cash and cash equivalents	(2,633)	2,604
Cash and cash equivalents, beginning of period	4,534	1,817
Cash and cash equivalents, end of period	<u>\$ 1,901</u>	<u>\$ 4,421</u>
Supplemental Disclosures:		
Cash interest	\$ 22,578	\$ 20,531
Cash income taxes, net of refunds	\$ 71	\$ 5,281

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands)

Note 1: Divestiture and Discontinued Operations

Maine Energy Divestiture

On August 1, 2012, we executed a purchase and sale agreement with the City of Biddeford, Maine pursuant to which we agreed to sell the real and personal property of Maine Energy, which resides in our Eastern region, to the City of Biddeford, subject to satisfaction of conditions precedent and closing. We agreed to sell Maine Energy for undiscounted purchase consideration of \$6,650, which shall be paid in installments over the next 21 years, subject to the terms of the purchase and sale agreement. The transaction closed on November 30, 2012 and we waived certain conditions precedent not satisfied at that time. Post closing, we are entitled to continue operations of Maine Energy for our benefit and obligated to begin work to decommission the facility in accordance with the provisions of the agreement within a period not to exceed six months after the closing date. Following the decommissioning of Maine Energy, it is our responsibility to demolish the facility, at our cost, within twelve months of the closing date and in accordance with the terms of the purchase and sale agreement.

Discontinued Operations

On January 23, 2011, we entered into a purchase and sale agreement and related agreements to sell non-integrated recycling assets and select intellectual property assets to a new company (the "Purchaser") formed by Pegasus Capital Advisors, L.P. and Intersection LLC for \$130,400 in gross proceeds. Pursuant to these agreements, we divested non-integrated recycling assets located outside our core operating regions of New York, Massachusetts, Vermont, New Hampshire, Maine and northern Pennsylvania, including 17 material recovery facilities ("MRFs"), one transfer station and certain related intellectual property assets. Following the transaction, we retained four integrated MRFs located in our core operating regions. As a part of the disposition, we also entered into a ten-year commodities marketing agreement with the Purchaser to market 100% of the tonnage from three of our remaining integrated MRFs.

We completed the transaction on March 1, 2011 for \$134,195 in gross cash proceeds. This included an estimated \$3,795 working capital and other purchase price adjustment, which was subject to further adjustment, as defined in the purchase and sale agreement. The final working capital adjustment, along with additional legal expenses related to the transaction, of \$646 was recorded to gain on disposal of discontinued operations, net of income taxes in the first quarter of fiscal year 2012.

In the three months ended October 31, 2011, we recorded an additional working capital adjustment of \$79 to gain on disposal of discontinued operations, net of income taxes, which related to our subsequent collection of receivable balances that were released to us for collection by the Purchaser.

Note 2: Non - GAAP Financial Measures

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles in the United States (GAAP), we also disclose earnings before interest, taxes, depreciation and amortization, adjusted for accretion, depletion of landfill operating lease obligations, gain on sale of assets, development project charge write-offs, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, severance and reorganization charges, as well as expenses from divestiture and financing costs (Adjusted EBITDA) which is a non-GAAP measure. We also disclose earnings before interest, taxes, adjusted for gain on sale of assets, development project charge write-offs, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, severance and reorganization charges, as well as expenses from divestiture and financing costs (Adjusted Operating Income) which is a non-GAAP measure. We also disclose Free Cash Flow, which is defined as net cash provided by operating activities, less capital expenditures attributable to growth and maintenance (excluding acquisition related capital), less payments on landfill operating leases, less assets acquired through financing leases, plus proceeds from the sale of property and equipment, plus contributions from non-controlling interest holder, which is a non-GAAP measure. Adjusted EBITDA and Adjusted Operating Income are reconciled to net income (loss), while Free Cash Flow is reconciled to net cash provided by operating activities.

We present Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow because we consider them important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of our results. We use these non-GAAP measures to further understand our "core operating performance." We believe our "core operating performance" represents our on-going performance in the ordinary course of operations. We believe that providing Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow to investors, in addition to corresponding income statement and cash flow statement measures, affords investors the benefit of viewing our performance using the same financial metrics that our management team uses in making many key decisions and understanding how the core business and our results of operations may look in the future. We further believe that providing this information allows our investors greater transparency and a better understanding of our core financial performance. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants such as interest coverage, leverage and debt incurrence.

Non-GAAP financial measures are not in accordance with or an alternative for GAAP. Adjusted EBITDA, Adjusted Operating Income, and Free Cash Flow should not be considered in isolation from or as a substitute for financial information presented in accordance with GAAP, and may be different from Adjusted EBITDA, Adjusted Operating Income, or Free Cash Flow presented by other companies.

Following is a reconciliation of Adjusted EBITDA and Adjusted Operating Income to Net Loss:

	Three Months Ended		Six Months Ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
Net Loss	\$ (21,092)	\$ (765)	\$ (29,471)	\$ (3,826)
Gain on disposal of discontinued operations, net	—	(79)	—	(725)
Provision for income taxes	413	67	1,063	728
Other expense, net	13,364	1,196	15,001	3,349
Interest expense, net	11,689	11,207	23,533	22,357
Legal settlement	—	359	—	1,359
Expense from divestiture and financing costs	77	—	631	—
Depreciation and amortization	14,632	15,061	29,388	29,567
Development project charge	—	131	—	131
Severance and reorganization charges	1,793	—	1,827	—
Depletion of landfill operating lease obligations	2,591	2,484	4,878	4,514
Interest accretion on landfill and environmental remediation liabilities	925	871	1,858	1,740
Adjusted EBITDA (2)	\$ 24,392	\$ 30,532	\$ 48,708	\$ 59,194
Depreciation and amortization	(14,632)	(15,061)	(29,388)	(29,567)
Depletion of landfill operating lease obligations	(2,591)	(2,484)	(4,878)	(4,514)
Interest accretion on landfill and environmental remediation liabilities	(925)	(871)	(1,858)	(1,740)
Adjusted Operating Income (2)	\$ 6,244	\$ 12,116	\$ 12,584	\$ 23,373

Following is a reconciliation of Free Cash Flow to Net Cash Provided by Operating Activities:

	Three Months Ended		Six Months Ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
Net Cash Provided by Operating Activities	\$ 14,854	\$ 27,538	\$ 22,375	\$ 41,478
Capital expenditures - growth and maintenance	(17,229)	(20,969)	(33,625)	(35,837)
Payments on landfill operating lease contracts	(1,484)	(1,456)	(3,298)	(3,314)
Proceeds from sale of property and equipment	292	971	557	1,170
Contributions from noncontrolling interest holder	474	—	1,195	—
Free Cash Flow (2)	\$ (3,093)	\$ 6,084	\$ (12,796)	\$ 3,497

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA TABLES
(Unaudited)
(In thousands)

Amounts of our total revenues attributable to services provided for the three and six months ended October 31, 2012 and 2011 are as follows:

	Three Months Ended October 31,			
	2012	% of Total Revenue	2011	% of Total Revenue
Collection	\$ 53,104	44.1%	\$ 54,764	42.2%
Disposal	32,382	26.9%	34,254	26.4%
Power generation	2,793	2.3%	3,190	2.4%
Processing and organics	13,795	11.5%	13,992	10.8%
Solid waste operations	102,074	84.8%	106,200	81.8%
Major accounts	9,221	7.7%	9,847	7.6%
Recycling	9,040	7.5%	13,819	10.6%
Total revenues	\$120,335	100.0%	\$129,866	100.0%

	Six Months Ended October 31,			
	2012	% of Total Revenue	2011	% of Total Revenue
Collection	\$106,147	43.9%	\$108,390	42.2%
Disposal	63,349	26.2%	66,426	25.8%
Power generation	5,456	2.3%	6,233	2.4%
Processing and organics	28,427	11.8%	28,730	11.2%
Solid waste operations	203,379	84.2%	209,779	81.6%
Major accounts	18,746	7.8%	20,557	8.0%
Recycling	19,404	8.0%	26,723	10.4%
Total revenues	\$241,529	100.0%	\$257,059	100.0%

Components of revenue growth for the three months ended October 31, 2012 compared to the three months ended October 31, 2011 are as follows:

	Amount	% of Related Business	% of Solid Waste Operations	% of Total Company
Solid Waste Operations:				
Collection	\$ (74)	-0.1%	-0.1%	-0.1%
Disposal	(184)	-0.5%	-0.2%	-0.1%
Solid Waste Yield	(258)		-0.3%	-0.2%
Collection	(2,379)		-2.2%	-1.8%
Disposal	(1,259)		-1.2%	-1.0%
Organics and processing	140		0.1%	0.1%
Solid Waste Volume	(3,498)		-3.3%	-2.7%
Fuel surcharge	(67)		-0.1%	0.0%
Commodity price & volume	(849)		-0.8%	-0.6%
Acquisitions	1,029		1.0%	0.8%
Closed landfill	(482)		-0.5%	-0.4%
Total Solid Waste	(4,126)		-4.0%	-3.1%
Major Accounts	(626)			-0.5%
			% of Recycling Operations	
Recycling Operations:				
Commodity price	(4,905)		-35.5%	-3.8%
Commodity volume	126		0.9%	0.1%
Total Recycling	(4,779)		-34.6%	-3.7%
Total Company	\$ (9,531)			-7.3%

Solid Waste Internalization Rates by Region:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2012	2011	2012	2011
Eastern region	53.5%	59.7%	53.7%	56.9%
Western region	74.2%	77.0%	73.4%	76.6%
Solid waste internalization	65.0%	68.9%	64.5%	67.3%

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
SUPPLEMENTAL DATA TABLES
(Unaudited)
(In thousands)

GreenFiber Financial Statistics (1):

	<u>Three Months Ended October 31,</u>		<u>Six Months Ended October 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues	\$ 19,494	\$ 21,841	\$ 32,595	\$ 37,856
Net loss	(297)	(3,049)	(3,866)	(7,564)
Cash flow provided by (used in) operations	805	(949)	1,031	(2,258)
Net working capital changes	(662)	(149)	1,274	726
Adjusted EBITDA	\$ 1,467	\$ (800)	\$ (243)	\$ (2,984)
As a percentage of revenues:				
Net loss	-1.5%	-14.0%	-11.9%	-20.0%
Adjusted EBITDA	7.5%	-3.7%	-0.7%	-7.9%

- (1) We hold a 50% interest in US Green Fiber, LLC ("GreenFiber"), a joint venture that manufactures, markets and sells cellulose insulation made from recycled fiber.

Components of Growth and Maintenance Capital Expenditures (1):

	<u>Three Months Ended October 31,</u>		<u>Six Months Ended October 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Growth capital expenditures:				
Landfill development	\$ 257	\$ 203	\$ 589	\$ 244
Water treatment facility	3,908	—	4,668	—
Transfer station construction	1,434	—	1,434	—
Landfill gas-to-energy project	—	792	—	1,159
MRF equipment upgrades	—	2,498	—	3,007
Other	656	1,774	1,566	2,000
Total Growth Capital Expenditures	<u>6,255</u>	<u>5,267</u>	<u>8,257</u>	<u>6,410</u>
Maintenance capital expenditures:				
Vehicles, machinery / equipment and containers	\$ 3,168	\$ 3,868	\$ 6,221	\$ 10,308
Landfill construction & equipment	7,172	9,807	18,094	16,804
Facilities	501	1,815	780	1,990
Other	133	212	273	325
Total Maintenance Capital Expenditures	<u>10,974</u>	<u>15,702</u>	<u>25,368</u>	<u>29,427</u>
Total Growth and Maintenance Capital Expenditures	<u>\$ 17,229</u>	<u>\$ 20,969</u>	<u>\$ 33,625</u>	<u>\$ 35,837</u>

- (1) Our capital expenditures are broadly defined as pertaining to either growth, maintenance or acquisition activities. Growth capital expenditures are defined as costs related to development of new airspace, permit expansions, and new recycling contracts along with incremental costs of equipment and infrastructure added to further such activities. Growth capital expenditures include the cost of equipment added directly as a result of organic business growth as well as expenditures associated with increasing infrastructure to increase throughput at transfer stations and recycling facilities. Maintenance capital expenditures are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals, and replacement costs for equipment due to age or obsolescence. Acquisition capital expenditures are defined as costs of equipment added directly as a result of new business growth related to an acquisition.

CASELLA WASTE SYSTEMS ANNOUNCES THE SALE OF ITS MAINE ENERGY RECOVERY FACILITY TO THE CITY OF BIDDEFORD, MAINE

RUTLAND, VT (December 3, 2012) — Casella Waste Systems, Inc. (NASDAQ: CWST), a regional vertically integrated solid waste, recycling and resource management services company, announced today that it completed the sale of the property containing its Maine Energy Recovery facility (“MERC”) to the City of Biddeford, ME (“Biddeford”) on November 30, 2012.

As part of the transaction, Biddeford will pay the company total consideration of \$6.65 million over 21 years, enter into a new 10 year waste handling agreement, and enter into a new 10 year recycling collection agreement. At closing, the company conveyed to Biddeford the land (excluding any above grade improvements other than the stack) and cellular leases related to antennae on the stack.

The purchase and sale agreement allows for a post-sale transition period, where the company has the option to operate MERC for up to 6 months and the company has 12 months to dismantle all facilities on the property except for the stack that houses the cellular equipment. The company plans to cease operations at MERC by the end of its third quarter fiscal 2013, and at that time begin the process to dismantle the facility.

“In September, we began construction of a new transfer station in Westbrook, Maine to handle the majority of the waste currently disposed of at Maine Energy,” said John W. Casella, chairman and CEO of Casella Waste Systems. “We expect to complete construction at Westbrook in late December, and to begin transferring waste historically directed to Maine Energy, to other company landfills. The sale of Maine Energy is expected to materially improve our financial results, with consolidated Adjusted EBITDA margins improving by roughly 70 basis points, and cash flows increasing by roughly \$5.6 million per year due to lower capital expenditures.”

The sale of MERC will not trigger discontinued operations accounting treatment for the historical financial results. For the twelve months ended April 30, 2012, MERC contributed revenues of \$20.8 million, Adjusted operating loss* of (\$7.9) million, Adjusted EBITDA* of \$0.1 million, and capital expenditures of \$5.7 million. For the six months ended October 31, 2012, MERC contributed revenues of \$9.2 million, Adjusted operating loss of (\$2.5) million, Adjusted EBITDA of (\$0.5) million, and capital expenditures of \$1.1 million. The company is investing approximately \$3.5 million of capital to build its new Westbrook transfer station during its fiscal year 2013.

***Non-GAAP Financial Measures**

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles in the United States (GAAP), the company also discloses earnings before interest, taxes, depreciation and amortization, adjusted for accretion, depletion of landfill operating lease obligations, gain on sale of assets, development project charge write-offs, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, as well as severance and reorganization charges (Adjusted EBITDA) which is a non-GAAP measure. The company also discloses loss before interest, taxes, adjusted for gain on sale of assets, development project charge write-off, legal settlement charges, bargain purchase gains, asset impairment charges, environmental remediation charges, as well as severance and reorganization charges (Adjusted Operating Loss) which is a non-GAAP measure. Adjusted EBITDA and Adjusted Operating Loss are reconciled to net income (loss).

The company presents Adjusted EBITDA and Adjusted Operating Loss because it considers them important supplemental measures of its performance and believes they are frequently used by securities analysts, investors and other interested parties in the evaluation of the company's results. Management uses these non-GAAP measures to further understand the company's "core operating performance." The company believes its "core operating performance" represents its on-going performance in the ordinary course of operations. The company believes that providing Adjusted EBITDA and Adjusted Operating Loss to investors, in addition to corresponding income statement and cash flow statement measures, affords investors the benefit of viewing its performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and its results of operations may look in the future. The company further believes that providing this information allows its investors greater transparency and a better understanding of its core financial performance. In addition, the instruments governing the company's indebtedness use EBITDA (with additional adjustments) to measure its compliance with covenants such as interest coverage, leverage and debt incurrence.

Non-GAAP financial measures are not in accordance with or an alternative for GAAP. Adjusted EBITDA and Adjusted Operating Loss should not be considered in isolation from or as a substitute for financial information presented in accordance with GAAP, and may be different from Adjusted EBITDA or Adjusted Operating Loss presented by other companies.

**Following is a reconciliation of Adjusted EBITDA and Adjusted Operating Loss to Net Loss:
(Unaudited)
(in thousands)**

	Six months ended <u>October 31, 2012</u>	Twelve months ended <u>April 30, 2012</u>
Net loss	(2,866)	(48,627)
Depreciation	2,046	7,991
Asset impairment charge	—	40,746
Expense from divestiture	327	—
Adjusted EBITDA	(493)	110
Depreciation	(2,046)	(7,991)
Adjusted Operating Loss	(2,539)	(7,881)

About Casella Waste Systems, Inc.

Casella Waste Systems, Inc., headquartered in Rutland, Vermont, provides solid waste management services consisting of collection, transfer, disposal, and recycling services in the northeastern United States. For further information, investors should contact Ned Coletta, vice president of finance and investor relations at (802) 772-2239, and media should contact Joseph Fusco, vice president at (802) 772-2247, or visit the company's website at <http://www.casella.com>.

Safe Harbor Statement

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as "believe," "expect," "anticipate," "plan," "may," "will," "would," "intend," "estimate," "guidance" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about

the industry and markets in which we operate and management's beliefs and assumptions. We cannot guarantee that we actually will achieve the plans, intentions, expectations or guidance disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and uncertainties include or relate to, among other things: we may be unable to begin operations at Westbrook transfer station by the time we expect to close Maine Energy; we may not receive a permit modification at the Juniper Ridge landfill to accept MSW that is not a by-pass stream from waste-to-energy facilities; the scrap value of Maine Energy may not exceed the costs to dismantle the facility as directed by the purchase and sale agreement; we may not fully yield the financial benefits of closing Maine Energy because of economic or competitive factors outside our control, or of unanticipated closing or related costs. There are a number of other important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A, "Risk Factors" in our Form 10-K for the year ended April 30, 2012.

We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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